

**STATE OF ILLINOIS  
SECRETARY OF STATE  
DEPARTMENT OF SECURITIES**

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<b>IN THE MATTER OF:</b>	<b>Kevin O. Pritchett</b>	)	<b>FILE NO. C0600357</b>
		)	
	<b>Kevin Pritchett</b>	)	
	<b>&amp; Associates Retirement</b>	)	
	<b>Planning, Inc.</b>	)	

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**NOTICE OF HEARING**

**TO THE RESPONDENT:** Kevin O. Pritchett  
(CRD # 4378658)  
7108 Lyman Avenue  
Downers Grove, Illinois 60516

Kevin Pritchett & Associates  
Retirement Planning, Inc.  
(CRD # 136266)  
One Westbrook Corp. Ctr  
Suite 120  
Westchester, Illinois 60154

You are hereby notified that pursuant to Section 11.E of the Illinois Securities law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 7th day of May, 2010, at the hour of 10:00 a.m., or as soon as possible thereafter, before , Soula J. Spyropoulos, Esq. or such duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether Revocation of the registration of Respondent Kevin O. Pritchett as an investment adviser representative, and the registration of Respondent Kevin Pritchett & Associates Retirement Planning, Inc. as an investment adviser, in accordance with Sections 8.D(5), 8.E(1)(e), and 12.E of the Illinois Securities Law, as amended ("Act"). 815 ILCS 5/8.D(5); 8.E(1)(e); and 12.E. Prohibition of the Respondents from offering or selling securities in or from the State of Illinois, in accordance with Sections 11.E(2) 12.F, 12.G, 12.I, and 12.E of the Act. Imposition of fines not to exceed \$10,000 against each of the Respondents for each

violation of the Act described below; entry of orders of public censure; and charging costs of the investigation and all reasonable expenses, including attorney's fees and witness fees, in accordance with Section 11.E(4) of the Act.

The grounds for such proposed action are as follows:

### **INTRODUCTION**

1. Kevin Pritchett & Associates Retirement Planning, Inc. (Collectively with the Respondent Kevin O. Pritchett "Pritchett") is an Illinois corporation with a last known address of One Westbrook Corp. Ctr., Suite 120, Westchester, Illinois 60154.
2. Kevin O. Pritchett (Collectively with the Respondent Kevin Pritchett & Associates Retirement Planning, Inc. "KPA") is the President of KPA.
3. KPA proposed services include investment and retirement planning, wealth management, individualized investment advice and selection, long term care planning, tax reduction, estate planning and asset protection.
4. Respondent KPA is a registered Investment Adviser with the Secretary of State, Illinois Department of Securities ("IDS").
5. Respondent Pritchett has been registered as an Investment Adviser Representative with the IDS from March 2001 to the Present.
6. Respondent Pritchett is also a registered representative of Mid American Financial Services, Inc. located at 1007 E. 20<sup>th</sup> Street, Joplin, Missouri 64804.
7. Since May 7, 1987, the Respondent has been a licensed attorney with the State of Illinois.
8. Initially, the IDS was contacted by an Illinois Investor ("Investor") who attended a Financial and Estate Planning Seminar conducted by the Respondent. They developed a business and personal relationship and the Respondent asked the Investor for \$10,000.00 to take care of a financial matter related to his business.
9. The Respondent drafted a promissory note signed by both parties where the Respondent would have to pay back the \$10,000.00 principal plus interest earned within 90 days. The Respondent failed to pay back the Investor and avoided all contact following the specified due date. Upon discovering the complaint with the IDS, the Respondent paid back the Resident the principal of \$10,000.00 plus interest earned.

10. Respondent Pritchett's activities described above involve the offer and sale of a note and/or an investment contract as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
11. At all relevant times, the Respondent never disclosed to the Investor the existence of three unsatisfied judgments recorded in the Cook County Recorder of Deeds.

**COUNT I: FRAUD IN THE OFFER AND SALE OF SECURITIES**

12. On February 2, 2006, Respondent Pritchett was the guest speaker at an investment club meeting, where his topic was Trusts, covering your assets, and protecting your assets. The Investor stated that Pritchett seemed to be very knowledgeable in the financial and estate planning field and she was extremely impressed with him.
13. On this date, the Respondent Pritchett had represented himself to the Investor as a licensed attorney and a registered investment adviser representative for Respondent KPA.
14. As evidenced by the email correspondence between the Investor and the Respondent Pritchett, he provided investment advice both to the Investor and her parents. The Investor stated that she and her parents each hired Pritchett to prepare estate planning documents for them at a rate of \$3,000.00 per trust.
15. At this time, the Investor and the Respondent developed a business as well as a personal relationship. The Respondent Pritchett told the Investor that he was experiencing minor "cash-flow problems" and was concerned about meeting the payroll for Respondent KPA.
16. On February 28, 2006, the Respondent Pritchett solicited the Investor to pay \$10,000.00 to Pritchett which would be repaid in full within 90 days, on or before May 30, 2006, plus any applicable interest and/or fees incurred. If the principal is not repaid within 90 days, 10% interest is due on the original loan amount plus borrowed principal and both must be repaid with 150 days from the original date.
17. The Respondent Pritchett drafted a promissory note which was signed by both parties that included all the terms listed above. As a result, the Investor wired \$10,000.00 from her Charter One Bank account to the Respondent Pritchett's TCF Bank account.
18. As of May 30, 2006, the Respondent failed to pay back to the Investor the \$10,000.00 principal and all the interest and fees accrued.

19. Upon discovering the complaint with the IDS, the Respondent paid the Investor the principal of \$10,000.00 plus interest and fees accrued.
20. Respondent Pritchett failed to disclose to the Investor any risks involved in the promissory note, such as the possibility that Pritchett would not be able to pay the promised principal or interest according to the terms of the signed agreement due to his financial problems. Specifically, Pritchett omitted to inform the Investor that he had three unsatisfied judgments from creditors in the amount of \$215,733.50.
21. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person, “to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof”.
22. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person “to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.”
23. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the Act for any person, “to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly”.
24. By virtue of the foregoing, Pritchett violated Sections 12.F, 12.G and 12.I of the Act.

**COUNT II: FALSE OR MISLEADING REGISTRATION APPLICATION**  
**Failure To Disclose Unsatisfied Judgment On The U4 Form**

25. On March 29, 2001, Respondent Pritchett, in his capacity as an Illinois-registered investment adviser representative, made false statements to the Illinois Secretary of State in his investment adviser representative registration application, statements that failed to disclose Pritchett had an unsatisfied judgment entered into the Cook County Recorder of Deeds.
26. An investment adviser registered in the State of Illinois that wished to register as an investment adviser representative in the State must file an application with the Secretary of State. The investment adviser representative is required to provide the application to the investment adviser, executed, verified, or authenticated by the investment adviser representative, and setting forth the information required by Section 8.D-5 of the Act. 815 ILCS 5/8.D-5.

27. The investment adviser representative application includes filing a “Uniform Application for Securities Industry Registration or Transfer (“Form U4”), utilizing the Central Registration Depository (“CRD”) administered by the Financial Industry Regulatory Authority. 14 Ill. Adm. Code 130.839(a).
28. The CRD is instrumental in protecting the investing public from unscrupulous securities brokers and financial advisors. A registrant’s CRD profile provides to the public information on the disciplinary history of the registrant, unsatisfied judgments, customer complaints against the registrant, as well as civil and regulatory actions that have been filed against the registrant.
29. The investing public can access CRD profiles to assist in making a decision on whether to retain a salesperson or financial advisor. The regulators of the securities industry can use the information registrants provide in their CRD profiles to better identify potential threats to the investing public. It is the responsibility of the registrant to update the information on his or her profile by truthfully answering Disclosure Questions presented on a registrant’s U4 Form.
30. Since March 29, 2001 to the present, Respondent Pritchett failed to disclose on the U4 Form the existence of an unsatisfied judgment entered against the Respondent Pritchett in the amount of \$92,927.00 in Personal Finance Company v. Kevin O. Pritchett ( Circuit Court, Cook County, Illinois: Law Division 99 L 011541.)
31. The relevant portion of the U4 Form states the following:
  - a. Do you have any unsatisfied judgments or liens against you?
32. On July 14, 2001, this unsatisfied judgment was entered into the Cook County Recorder of Deeds which was seven months prior to his initial registration on the CRD.
33. To date, the Respondent has not amended his application to reflect these matters nor has the judgment listed above been satisfied.
34. As a result, the above-mentioned omissions of fact address the competency and the financial capabilities of the Respondent to pay back to the Investor the stated interest payments and principal.
35. Section 12.E of the Act provides, inter alia, that it shall be a violation of the Act for any person to make, or cause to made, (1) in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact.
36. By failing to disclose the existence of the unsatisfied judgment listed above, Respondent violated section 12.E of this Act.

**COUNT III: FALSE OR MISLEADING REGISTRATION APPLICATION**  
**Failure To Amend U4 Form**

37. On December 6, 2005, a judgment was entered against Respondent Pritchett in the amount of \$114,906.50 in UMLIC VP, LLC v. Kevin O. Pritchett (Circuit Court, Cook County, Illinois: Law Division, 03 L 0010343).
38. On December 6, 2005, this unsatisfied judgment was entered into the Cook County Recorder of Deeds. The Respondent never amended his U4 Form to reflect the unsatisfied judgment listed above.
39. On March 19, 2007, a judgment was entered against Respondents Pritchett and KPA in the amount of \$7,900.00 in Lisa M. Roberts v. Kevin O. Pritchett and Pritchett & Associates (Circuit Court, Cook County, Illinois: Law Division 04 L 12637).
40. On March 19, 2007, this unsatisfied judgment was entered into the Cook County Recorder of Deeds. The Respondent never amended his U4 Form to reflect the unsatisfied judgment listed above.
41. A change that renders inaccurate any information contained in any application for registration as an investment adviser representative is required by law to be reported to the Secretary of State within ten business days after the occurrence of the change. 815 ILCS 5/8.D-5.
42. Changes that render inaccurate any information contained in the application are required by regulation to be filed in amended registration applications. 14 ILL. Adm. Code 130.839(d).
43. The relevant portion of the U4 Form states the following:
  - b. Do you have any unsatisfied judgments or liens against you?
44. Since December 6, 2005, Pritchett failed to disclose and/or amend his U 4 Form to include the two unsatisfied judgments listed above.
45. To date, the Respondent has not satisfied the two judgments listed above.
46. Section 12.E of the Act provides, inter alia, that it shall be a violation of the Act for any person "to make, or cause to made, (1) in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact."
47. By failing to disclose the existence of the unsatisfied judgments listed above, Respondent violated section 12.E of this Act.

**COUNT IV: FALSE OR MISLEADING REGISTRATION APPLICATION**  
**Failure To Disclose Unsatisfied Judgment On KPA's ADV Form**

48. On March 19, 2007, a judgment was entered against Respondents Pritchett and KPA in the amount of \$7,900.00 in Lisa M. Roberts v. Kevin O. Pritchett and Pritchett & Associates (Circuit Court, Cook County, Illinois: Law Division 04 L 12637).
49. On March 19, 2007, this unsatisfied judgment was entered into the Cook County Recorder of Deeds. The Respondent never amended KPA's ADV Form to reflect the unsatisfied judgment listed above.
50. A change that renders inaccurate any information contained in any application for registration as an investment adviser is required by law to be reported to the Secretary of State within ten business days after the occurrence of the change. 815 ILCS 5/8.D-13.
51. The relevant portion of the ADV-State, Form ADV Part 1B, Item 2-Additional Information states the following:
  - a. Do you have any unsatisfied judgments or liens against you?
52. Since March 19, 2007, Pritchett failed to disclose and/or amend his ADV Form to include the unsatisfied judgment listed above.
53. To date, the Respondent has not satisfied the judgment listed above.
54. Section 12.E of the Act provides, inter alia, that it shall be a violation of the Act for any person "to make, or cause to made, (1) in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact."
55. By failing to disclose the existence of the unsatisfied judgment listed above, Respondent violated section 12.E of this Act.

**COUNT V: FAILURE TO SUPERVISE**

56. Respondent KPA, acting through its principal Respondent Pritchett, failed to supervise the advisory activities of investment adviser representative Pritchett.
57. Section 8.E(1)(f) of the Act provides that the registration of an investment adviser may be suspended or revoked if the Secretary of State finds the adviser has failed reasonably to supervise the advisory activities of any of its investment adviser representatives or employees and the failure has permitted or facilitated a violation of Section 12 of the Act.


58. The investment adviser representative registration of Respondent Pritchett and the investment adviser registration of Respondent KPA are subject to suspension or revocation under Section 8.E(1)(f) of the Act because its failure to reasonably supervise the advisory activities of Respondent Pritchett.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) ("the rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. The answer and all other pleadings and motions must be filed with the Illinois Securities Department by addressing them to:

Maria Pavone  
Enforcement Attorney  
Illinois Department of Securities  
69 West Washington, Suite 1220  
Chicago, Illinois 60602

A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing. Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default. Unless the Respondent has upon due notice moved for and obtained a continuance. The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>. Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 12th day of March 2010.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
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